

**2005**

# **STATUS REPORT**



## **Iowa Unemployment Compensation Trust Fund**



**This 2005 Status Report  
of the Iowa Unemployment  
Compensation Trust Fund  
is a publication of  
Iowa Workforce Development**

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# **2005 Status Report**

## **On the Iowa Unemployment Compensation Trust Fund**

This 2005 Status Report of the Iowa Unemployment Compensation Trust Fund  
is a publication of Iowa Workforce Development.

For more information about this publication, contact  
Iowa Workforce Development  
Labor Market & Economic Research Bureau  
1000 East Grand Avenue  
Des Moines, Iowa 50319  
(515) 281-8180

TTY: (515) 281-4748 or (800) 831-1399

website: <http://www.iowaworkforce.org/lmi/uistats>  
e-mail: [uistats@iwd.iowa.gov](mailto:uistats@iwd.iowa.gov)

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## **Preface – Guide for Interpretation**

As a guide to the interpretation and application of this chapter, the public policy of this state is declared to be as follows:

Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon the unemployed worker and the worker's family. The achievement of social security requires protection against this greatest hazard of our economic life. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good, and the general welfare of the citizens of this state require the enactment of this measure, under the police powers of the state, for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own. (Iowa Code 96.2)

## Executive Summary

This report evaluates the status of unemployment compensation trust fund as of December 31, 2005. The report reviews fund expenditures and fund revenue. It also discusses the fund solvency in terms of fund balance, fund balance adjusted for wage growth and months of benefits at recession levels.

**Unemployment Insurance Benefits Payout:** Benefits paid to unemployed workers rose from \$218 million in 2000 to \$381 million in 2003 due to a slower national economy. Benefits fell to \$312 million in 2004 and \$296 in 2005 as the number of new layoffs decreased. Some other facts:

- The number of first payments rose from 84,455 in 2000 to over 110,000 in 2001 through 2003. A decrease in the number of new layoffs caused first payments to drop to 88,976 in 2004. First payments increased slightly to 91,540 in 2005.
- Average duration of benefits increased from 11.2 weeks in 2000 to 14.1 weeks in 2004. The duration of benefits was 12.5 weeks in 2005.

**UI Trust Fund Revenue:** Fund revenue primarily comes from UI taxes paid by employers and interest earned on the fund balance. Regular revenue grew from \$346 million in 2004 to \$359 million in 2005. Contributions exceeded benefits paid to claimants for the first time in over ten years. Highlights:

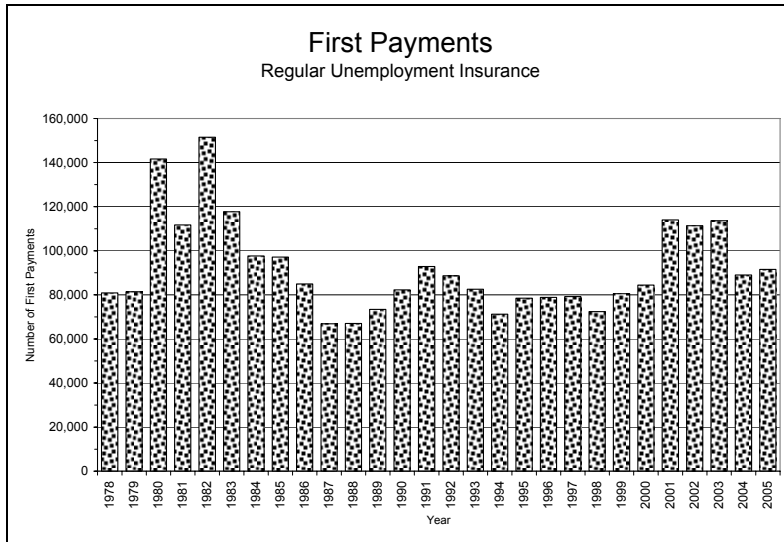
- The average tax rate rose from 1.2% in 2002 to 1.5% in 2003 and 1.6% in 2004 and 2005 because a lower fund balance triggered tax table 6. This is still well below the average tax rate during the 1980's, which reached 3.4% in 1984.
- 45% of private employers had a zero UI tax rate in 2005.
- Taxable wages grew by an estimated 5.6%, the fastest growth rate since 2000.

**UI Trust Fund:** The philosophy guiding this fund requires balances to be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine adequate reserves to ensure the fund's solvency through an economic downturn. The Iowa UI tax system automatically adjusts employer tax rates based on the strength of the UI trust fund and UI benefit experience.

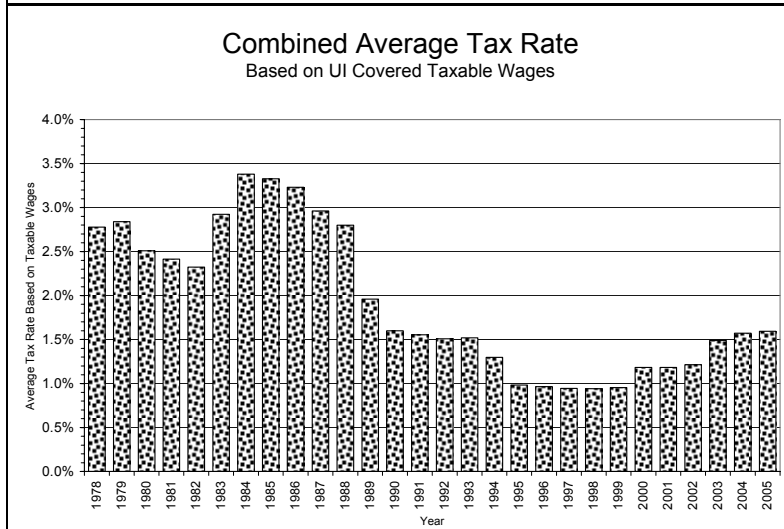
The year-end combined trust fund balance fell from \$810 million in 2000 to \$657 million in 2003 due the recession and slow recovery. The fund rebounded to \$683 in 2004 and \$749 in 2005. When the fund balance is adjusted for wage growth, the strength of the fund has declined in eight of the last ten years.

**Conclusions:** The national economic slowdown has caused UI benefits to rise during 2001 through 2003. UI Benefits declined in 2004 and 2005, but remained in the \$300 million range or above for the fifth straight year. Fortunately, Iowa entered the decade with a strong UI Trust Fund. This has allowed the fund to pay benefits without borrowing from the federal government. The state's UI Trust Fund is expected to remain solvent. If unemployment levels increase, higher tax rate tables may trigger in order to ensure future fund solvency.

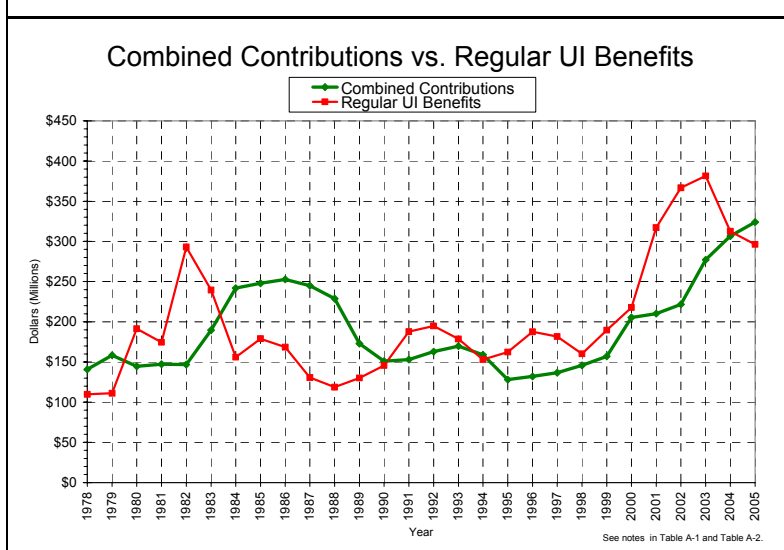
# UI Trust Fund History at a Glance



A slower national economy caused a higher number of first payments during 2001 through 2003. A decline in the number of new layoffs yielded lower first payments levels in 2004 and 2005.

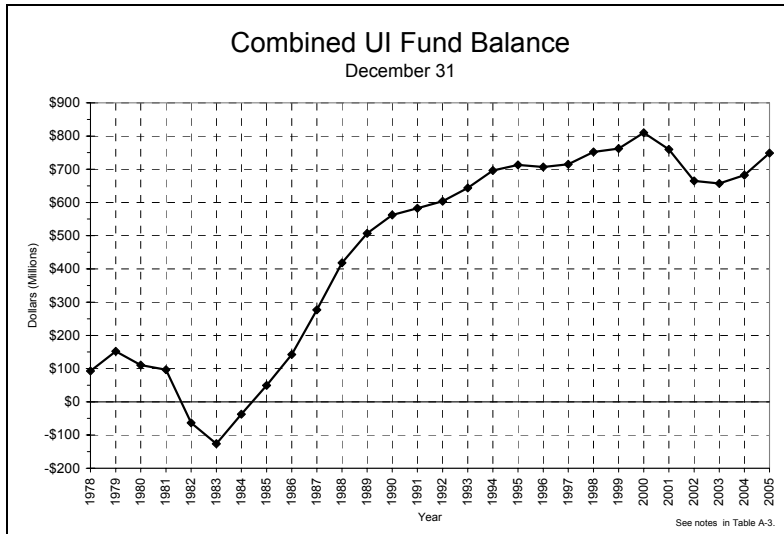


Tax table 6 was triggered for 2003 due to a declining trust fund balance. Tax table 6 will remain in effect through 2006. The 2005 average tax rate of 1.6% is still well below the average tax rates on the 1980's.

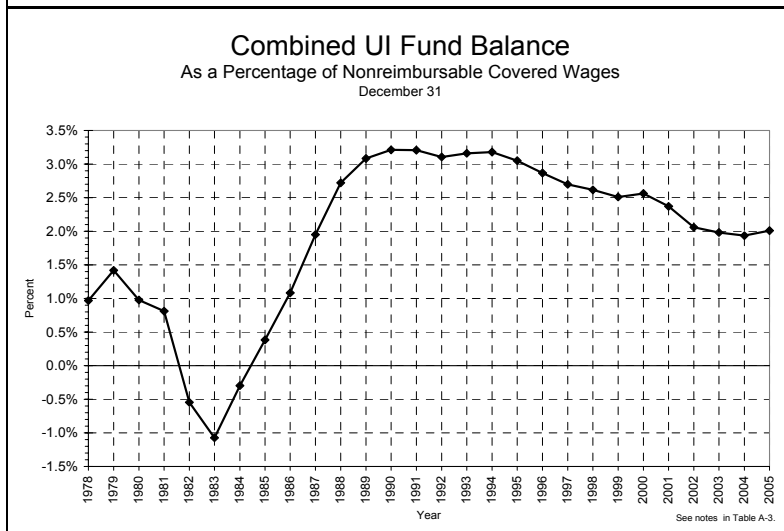


Regular UI benefits have exceeded contributions each year from 1995 through 2004. Benefits were considerably higher than contributions during 2001 through 2003. The fund partially rebounded in 2005 as contributions exceeded benefits for the first time since 1994.

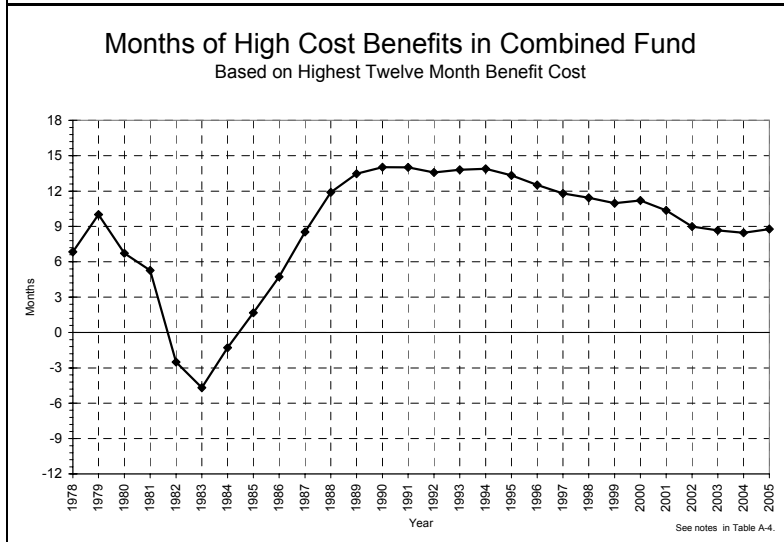
# UI Trust Fund History at a Glance



The year-end combined UI Fund balance fell to \$657 million in 2003 from a high of \$810 million in 2000. The fund balance rebounded partially to in 2004 and continued to grow to \$749 million in 2005



The UI Fund as a percent of covered wages was over 3.0% during the first half of the 1990's. In 2005 it was slightly above 2.0%. Covered wages have grown faster than the fund balance.



If a recession similar to 1982-1983 were to hit, the fund would be large enough to pay benefits for about nine months. A recession of this magnitude would have pushed 2005 UI benefits to over one billion dollars.



## A. Unemployment Insurance Benefits

Unemployment Insurance payments fell from a record level of \$381 million in 2003 to \$312 million in 2004 and \$296 million in 2005. The primary reason for this decrease was a decline in new layoffs as the state's employment situation recovered from the effects of the national recession.

**UI Benefits:** Benefits payments are a function of:

- average weekly benefit amount,
- duration of benefits, and
- number of persons receiving first payments for benefits

### **Maximum Weekly Benefit Amount:**

The maximum weekly benefit (MWB) is computed each year based on the previous year's average weekly wage. The maximum weekly benefit increased by about 4.5% from July 2004 to July 2005. The current MWB amounts are listed below:

Number of Dependents	Average Weekly Wage 2004	Percent of Average Weekly Wage	Maximum Weekly Benefit July 2005
0	\$613.05	53%	\$324
1	\$613.05	55%	\$337
2	\$613.05	57%	\$349
3	\$613.05	60%	\$367
4	\$613.05	65%	\$398

### **Average Weekly Benefit (AWB):**

Claimants' weekly benefit amounts are based on their high quarter earnings, subject to the above maximums. Normally, about half of UI claimants draw the maximum weekly benefit amount. A claimant would need high quarter earnings of about \$7,400 to qualify for the maximum weekly benefit.

The average weekly benefit grew by 4.1% from \$249.39 in 2004 to \$259.57 in 2005. This growth rate is similar to statewide average weekly wage growth.

**Duration of UI Benefits:** The maximum duration of UI benefits in Iowa is 26 weeks. In the case of a plant closing, it is extended to 39 weeks.

The average duration of UI benefits increased from 10.8 weeks in 1999 to 14.1 weeks in 2004. The average duration declined to 12.5 weeks in 2005.

**First Payments:** The national economic slowdown pushed the number of UI claimants who received their first payment of a new benefit year up by 35% from 84,455 in 2000 to 113,983 in 2001. First payments remained high through 2003.

The number of first payments fell to 88,976 in 2004 as new layoff declined. First payments increased slightly to 91,540 in 2005.

**Weeks Compensated:** The number of weeks of UI benefits compensated fell by 18% from a 20 year high of 1,532,204 in 2003 to 1,253,028 in 2004. Weeks compensated further declined by 9% to 1,141,540 in 2005.

**UI Benefit Summary:** UI Benefits rose each year from \$160 million 1998 to \$382 million in 2003. A reduction in the number of weeks compensated caused UI Benefits to decrease to \$312 million in 2004 and \$296 million in 2005. The benefits level fell below \$300 million for the first time in five years.

## B. Unemployment Insurance Revenue

Combined contributions grew by 6% from \$307 million in 2004 to \$324 million in 2005. This increase is primarily due to taxable wage growth.

**Average Tax Rate:** The average employer tax rate was over 3.0% during 1984 through 1986 as the trust fund was rebuilding from the recession of the early 1980's. The average tax rate fell to around 1.5% when tax table 6 was in effect during 1990 through 1993.

The fund balance was large enough to trigger tax table 8 for 1995 through 1999. The average tax rate was slightly below 1.0% during these five years. Tax table 7 was triggered for 2000 through 2002 and the average tax rate moved to 1.2%.

Tax table 6 was triggered for 2003 because an economic slowdown caused benefits to increase and the fund balance to decrease. The average tax rate rose to 1.5% in 2003 and 1.6% in 2004 and 2005.

The Iowa Code has eight tax tables. Tax table 1 has the highest tax rates and tax table 8 has the lowest. Tax tables are triggered based on the relative trust fund strength. The average tax rate for experienced rated employers ranges from 3.5% in table 1 to 1.0% in table 8.

**Individual Employer Tax Rates:** The average combined tax rate for 2005 was 1.6%, but tax rates for individual employers ranged from 0.0% to 8.0% under tax table 6.

Iowa's UI tax rates are dependent on the benefit experience of individual employers. Almost half of private

employers qualified for a zero tax rate because they had very low benefit charges or no charges over the last five years. About 75% of private employers received a tax rate of 1.0% or lower. Iowa also has a new non-construction rate of 1.0%, the lowest new employer rate permitted by federal law.

**Taxable Wages:** During 2005, Iowa employers paid UI contributions on the first \$20,400 of an employee's wages. This taxable wage base is updated each year based on the average annual wage for UI covered employment.

The national economic slowdown caused taxable wage growth to slow in 2001 through 2003. Taxable wage growth began to pick up in 2004 and 2005, but growth remained slower than during the late 1990's.

**Contributions:** Combined UI contributions grew by about 6% from \$307 million in 2004 to \$324 million in 2005. Most of this increase was due to growth in taxable wages.

**Interest:** Interest received from the federal government on the trust fund has decreased to \$35 million in 2005 primarily due to a decline in the interest rates paid to states. The rate paid fell from 6.09% to 4.63% over the last eight quarters.

**Revenue Summary:** Fund revenue increased by 4% from \$346 million in 2004 to \$359 million in 2005.

## C. UI Fund Balance

The year-end UI combined fund balance fell by \$153 million from 2000 to 2003. The fund balance partially rebounded and in 2004 and 2005. The fund balance remains below 2000 levels in both real and inflation adjusted dollars.

**Trust Fund Balance History:** The lowest historic year-end trust fund balance was a deficit of \$126 million in 1983. The fund grew rapidly from this low to \$507 million in 1989. This growth was caused by lower levels of insured unemployment and some of the highest average tax rates in trust fund history.

Trust fund growth slowed during the 1990's, as higher trust fund balances triggered lower average tax rates.

During 2001 and 2002 trust fund revenue grew slowly. An increase in the number of weeks compensated caused UI benefits paid to grow rapidly. The year-end fund balance fell to \$665 million in 2002.

UI regular benefits hit a record high during 2003. This caused the fund balance to fall to \$657 million in 2003 despite an increase in contributions and a \$40 million Reed Act transfer.

The number of new layoffs declined and UI benefits paid fell in 2004 and 2005. This enabled the combined fund balance to grow to \$683 million in 2004 and \$749 million in 2005.

**Effect of Wage Growth:** Examining the trust fund balance in terms of absolute dollar amounts can be misleading. The fund balance must grow as covered wage and covered employment grow in order to keep pace with potential fund liabilities.

**CPI Adjusted Fund Balance:** One method of adjusting the fund balance to account for inflation is to use the Consumer Price Index to adjust the fund to 1982-1984 dollars. Using inflation adjusted dollars the fund balance grew by 6% from 2004 to 2005, but remains lower the adjusted fund balance levels of the 1990's.

**Fund Balance as a Percent of Wages:** The UI fund is expressed as a percentage of covered wages in order to control for both employment and wage growth.

This percentage grew from a deficit during the early 1980's to 3.21% in 1990. This percentage remained relatively unchanged through 1994.

This percentage fell from 3.18% in 1994 to 1.93% in 2004. This percentage improved in 2005 growing to 2.01%. The combined fund balance, expressed as a percentage of covered wages, has declined in eight of the last ten years.

**UI Trust Fund Balance Summary:** The 2000 year-end fund balance was the highest in the history of the fund. The fund balance fell through 2003, but partially rebounded in 2004 and 2005.

When the fund balance is adjusted for wage growth it rebounds slightly in 2005, but it remained lower than the pre-recession figures.

## D. UI Fund Solvency

Unemployment Insurance theory requires the trust fund balance be large enough to endure heavy demands during periods of high unemployment, yet not place an excessive tax burden on employers. The challenge is to determine an adequate reserve level to ensure the fund's solvency through an economic downturn.

### **Months of Benefits in Trust Fund:**

A popular measure of fund adequacy is the number of months of benefits in the trust fund. This can be measured in several different ways.

**Months of Current Benefits:** This calculates the number of months of benefits that could be paid at the current benefit level. Benefits could be paid for 31 months if they remain at the 2005 level.

### **Months of Benefits at High Cost:**

The 2005 trust fund balance would be sufficient to pay benefits for 9 months at the historic highest benefit level. Iowa compares favorably to the national average of 5 months. Fund strength is weaker than the early 1990's when the fund balance was sufficient to pay about 14 months of high benefits.

### **Federal Solvency Standards:**

The USDL recommends a solvency standard of 12 months of benefits at the highest three-year average benefit cost rate. Iowa's 2005 year-end figure was slightly below the federal standard at 11 months.

### **Recession Level Benefits:**

Iowa's highest benefit cost level is based on the twelve-month period ending April 1983. Fund expenditures totaled \$317.5 million and wages totaled \$11.6 billion. Benefits for the twelve-month period equaled 2.7% of wages. If an economic downturn

had pushed 2005 benefits to this 1983 recession level, benefits would have reached \$1,023 million.

**Rate Table Calculations:** The Iowa UI tax system is design to automatically adjust tax rates based on trust fund strength. This system is not only designed to maintain fund solvency, but also to minimize rate fluctuations.

If the fund strength starts to decline, the system will trigger to a tax table with higher tax rates. This helps the fund start rebuilding before fund reserves reach a critical point.

The system is designed to fortify the trust fund in small increments. This method diminishes the chances of a drastic tax increase in any single year if a recession should strike.

The system triggered a rate increase to tax table 6 for tax year 2003. This helped slow the trust fund balance decline. Tax table 6 is scheduled to remain in effect through 2006.

### **Fund Solvency Summary:**

The 2001 recession and slow recovery have caused fund solvency problems for some neighboring states. Iowa entered the decade with a stronger UI fund and has not needed to borrow to pay benefits. The state's UI Trust Fund is expected to remain solvent. Higher tax rate tables may trigger if benefit payments increase.



# Appendix A - Tables

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Table A-1  
Unemployment Insurance Benefit Data

Year	First Payments		Average Duration (Weeks)		Weeks Compensated		Average Weekly Benefit (\$)		UI Regular Benefits Paid (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	80,850	-----	13.5	-----	1,087,979	-----	100.91	-----	109.8	-----
1979	81,362	0.6%	12.7	-5.9%	1,031,686	-5.2%	107.73	6.8%	111.1	1.2%
1980	141,617	74.1%	11.9	-6.3%	1,679,090	62.8%	113.97	5.8%	191.4	72.3%
1981	111,712	-21.1%	13.2	10.9%	1,472,110	-12.3%	118.46	3.9%	174.4	-8.9%
1982	151,520	35.6%	14.6	10.6%	2,218,692	50.7%	132.02	11.4%	292.9	67.9%
1983	117,681	-22.3%	15.1	3.4%	1,781,786	-19.7%	134.39	1.8%	239.5	-18.2%
1984	97,603	-17.1%	13.0	-13.9%	1,265,144	-29.0%	123.28	-8.3%	156.0	-34.9%
1985	97,124	-0.5%	14.4	10.8%	1,401,655	10.8%	127.70	3.6%	179.0	14.7%
1986	84,882	-12.6%	14.7	2.1%	1,250,942	-10.8%	134.63	5.4%	168.4	-5.9%
1987	66,865	-21.2%	14.3	-2.7%	955,227	-23.6%	136.78	1.6%	130.7	-22.4%
1988	67,023	0.2%	12.4	-13.3%	831,553	-12.9%	142.79	4.4%	118.7	-9.2%
1989	73,393	9.5%	11.9	-4.0%	874,264	5.1%	148.71	4.1%	130.0	9.5%
1990	82,251	12.1%	11.5	-3.4%	946,804	8.3%	153.74	3.4%	145.6	12.0%
1991	92,823	12.9%	12.7	10.4%	1,176,440	24.3%	159.61	3.8%	187.8	29.0%
1992	88,604	-4.5%	13.5	6.3%	1,200,374	2.0%	162.28	1.7%	194.8	3.7%
1993	82,565	-6.8%	12.9	-4.4%	1,062,863	-11.5%	167.96	3.5%	178.5	-8.4%
1994	71,184	-13.8%	12.4	-3.9%	882,883	-16.9%	173.44	3.3%	153.1	-14.2%
1995	78,467	10.2%	11.2	-9.7%	879,273	-0.4%	184.68	6.5%	162.4	6.1%
1996	78,846	0.5%	12.5	11.6%	984,078	11.9%	190.62	3.2%	187.6	15.5%
1997	79,155	0.4%	11.8	-5.6%	931,796	-5.3%	195.08	2.3%	181.8	-3.1%
1998	72,383	-8.6%	10.8	-8.5%	783,500	-15.9%	204.44	4.8%	160.2	-11.9%
1999	80,519	11.2%	10.8	0.0%	869,517	11.0%	218.08	6.7%	189.6	18.4%
2000	84,455	4.9%	11.2	3.7%	949,794	9.2%	229.25	5.1%	217.7	14.8%
2001	113,983	35.0%	11.6	3.6%	1,324,644	39.5%	239.42	4.4%	317.1	45.7%
2002	111,411	-2.3%	13.4	15.5%	1,498,185	13.1%	244.76	2.2%	366.7	15.6%
2003	113,570	1.9%	13.5	0.7%	1,532,402	2.3%	248.94	1.7%	381.5	4.0%
2004	88,976	-21.7%	14.1	4.4%	1,253,028	-18.2%	249.39	0.2%	312.5	-18.1%
2005	91,540	2.9%	12.5	-11.3%	1,141,540	-8.9%	259.57	4.1%	296.3	-5.2%

Regular UI Benefits paid by IWD. Table does not include extended benefits and net adjustments for transfers to other states. Source: ETA-5159

03/15/2006

Table A-2  
Unemployment Insurance Revenue Data

Year	Combined Average Tax Rate		Taxable Wages (\$ billions)		Combined Contributions (\$ millions)		Interest on Trust Fund (\$ millions)		Other Incm. (\$ mil.)	Combined Total Revenue (\$ millions)	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	#	Δ%
1978	2.78%	-----	4.99	-----	140.8	-----	3.3	-----	0.0	144.1	-----
1979	2.84%	2.2%	5.48	9.8%	158.5	12.6%	6.8	106.1%	0.0	165.3	14.7%
1980	2.51%	-11.6%	5.63	2.7%	144.5	-8.8%	11.8	73.5%	0.0	156.3	-5.4%
1981	2.42%	-3.6%	5.87	4.3%	147.3	1.9%	10.0	-15.3%	0.0	157.3	0.6%
1982	2.32%	-4.1%	5.99	2.0%	146.9	-0.3%	5.0	-50.0%	0.0	152.0	-3.4%
1983	2.92%	25.9%	6.24	4.2%	189.6	29.1%	0.0	-100.0%	0.0	189.6	24.7%
1984	3.38%	15.8%	6.97	11.7%	241.9	27.6%	0.0	----	0.0	241.9	27.6%
1985	3.33%	-1.5%	7.28	4.4%	248.0	2.5%	0.9	----	16.5	265.4	9.7%
1986	3.23%	-3.0%	7.67	5.4%	252.7	1.9%	6.5	622.2%	4.5	263.7	-0.6%
1987	2.96%	-8.4%	8.10	5.6%	244.8	-3.1%	15.7	141.5%	0.0	260.6	-1.2%
1988	2.80%	-5.4%	8.02	-1.0%	228.8	-6.5%	26.9	71.3%	0.1	255.8	-1.8%
1989	1.96%	-30.0%	8.65	7.9%	172.9	-24.4%	38.3	42.4%	0.2	211.3	-17.4%
1990	1.60%	-18.4%	9.20	6.4%	151.0	-12.7%	46.1	20.4%	0.0	197.0	-6.8%
1991	1.55%	-3.1%	9.54	3.7%	153.1	1.4%	48.8	5.9%	0.0	201.9	2.5%
1992	1.51%	-2.6%	10.23	7.2%	162.8	6.3%	46.6	-4.5%	0.0	209.4	3.7%
1993	1.52%	0.7%	10.66	4.2%	169.8	4.3%	44.8	-3.9%	0.0	214.5	2.4%
1994	1.30%	-14.5%	11.69	9.7%	158.9	-6.4%	43.9	-2.0%	0.0	202.8	-5.5%
1995	0.98%	-24.6%	12.41	6.2%	128.1	-19.4%	48.1	9.6%	0.0	176.2	-13.1%
1996	0.97%	-1.0%	13.11	5.6%	132.0	3.0%	48.9	1.7%	0.0	180.9	2.7%
1997	0.94%	-3.1%	13.90	6.0%	136.6	3.5%	47.3	-3.3%	0.0	183.9	1.7%
1998	0.94%	0.0%	14.94	7.5%	145.9	6.8%	48.5	2.5%	0.0	194.3	5.7%
1999	0.95%	1.1%	15.98	7.0%	156.9	7.5%	49.8	2.7%	0.0	206.7	6.4%
2000	1.18%	24.2%	16.93	5.9%	205.4	30.9%	51.1	2.6%	0.0	256.4	24.0%
2001	1.18%	0.0%	17.21	1.7%	210.1	2.3%	51.7	1.2%	0.0	261.8	2.1%
2002	1.21%	2.5%	17.40	1.1%	221.7	5.5%	48.7	-5.8%	0.0	270.3	3.2%
2003	1.49%	23.1%	17.76	2.1%	277.1	25.0%	43.2	-11.3%	40.0	360.3	33.3%
2004	1.57%	5.4%	18.60	4.7%	306.5	10.6%	39.3	-9.0%	0.0	345.8	-4.0%
2005	1.59%	1.3%	19.64	5.6%	324.0	5.7%	35.1	-10.7%	0.0	359.1	3.8%

Combined contributions include payments made to the Unemployment Trust Fund account of the US Treasury and the Unemployment Compensation Reserve Fund account in the State Treasury. Other Income includes revenue from a trust fund debt repayment tax collected by the federal government in 1985 and 1986 and a one-time Reed Act transfer in 2003.. 03/15/2006



Table A-3  
**UI Fund Balances**

December 31

Year	UI Trust Fund Balance		Iowa Reserve Fund Balance		Combined UI Fund Balance					
					Balance (\$ millions)		CPI-U Adjusted (1982-1984=100)		As Percent of Covered Wages	
	#	Δ%	#	Δ%	#	Δ%	#	Δ%	#	Δ%
1978	92.8	-----	0.0	-----	92.8	-----	137.1	-----	0.97%	-----
1979	151.8	63.6%	0.0	-----	151.8	63.6%	197.9	44.3%	1.42%	46.4%
1980	110.2	-27.4%	0.0	-----	110.2	-27.4%	127.7	-35.5%	0.98%	-31.0%
1981	96.5	-12.4%	0.0	-----	96.5	-12.4%	102.6	-19.7%	0.81%	-17.3%
1982	-63.3	-----	0.0	-----	-63.3	-----	-64.9	-----	-0.55%	-----
1983	-126.3	-----	0.0	-----	-126.3	-----	-124.7	-----	-1.07%	-----
1984	-37.4	-----	0.0	-----	-37.4	-----	-35.5	-----	-0.30%	-----
1985	49.3	-----	0.0	-----	49.3	-----	45.1	-----	0.38%	-----
1986	142.5	189.0%	0.0	-----	142.5	189.0%	129.0	186.0%	1.08%	184.2%
1987	276.9	94.3%	0.0	-----	276.9	94.3%	239.9	86.0%	1.95%	80.6%
1988	418.6	51.2%	0.0	-----	418.6	51.2%	347.4	44.8%	2.72%	39.5%
1989	506.7	21.0%	0.0	-----	506.7	21.0%	401.8	15.7%	3.08%	13.2%
1990	562.4	11.0%	0.0	-----	562.4	11.0%	420.3	4.6%	3.21%	4.2%
1991	582.6	3.6%	0.0	-----	582.6	3.6%	422.4	0.5%	3.21%	0.0%
1992	604.0	3.7%	0.0	-----	604.0	3.7%	425.6	0.8%	3.11%	-3.1%
1993	643.8	6.6%	0.0	-----	643.8	6.6%	441.6	3.8%	3.16%	1.6%
1994	696.4	8.2%	0.0	-----	696.4	8.2%	465.2	5.3%	3.18%	0.6%
1995	712.9	2.4%	0.0	-----	712.9	2.4%	464.5	-0.2%	3.05%	-4.1%
1996	706.9	-0.8%	0.0	-----	706.9	-0.8%	445.7	-4.0%	2.87%	-5.9%
1997	715.1	1.2%	0.0	-----	715.1	1.2%	443.4	-0.5%	2.70%	-5.9%
1998	752.1	5.2%	0.0	-----	752.1	5.2%	458.9	3.5%	2.61%	-3.3%
1999	762.7	1.4%	0.0	-----	762.7	1.4%	453.2	-1.2%	2.51%	-3.8%
2000	809.8	6.2%	0.0	-----	809.8	6.2%	465.4	2.7%	2.56%	2.0%
2001	760.3	-6.1%	0.0	-----	760.3	-6.1%	430.3	-7.5%	2.37%	-7.4%
2002	665.0	-12.5%	0.0	-----	665.0	-12.5%	367.6	-14.6%	2.06%	-13.1%
2003	657.2	-1.2%	0.0	-----	657.2	-1.2%	356.6	-3.0%	1.98%	-3.9%
2004	635.2	-3.3%	47.5	-----	682.8	3.9%	358.8	0.6%	1.93%	-2.5%
2005	643.2	1.3%	105.6	122.3%	748.8	9.7%	380.5	6.0%	2.01%	4.1%

The UI Trust Fund balance excludes Reed Act distributions, except for a \$40 million transfer to the trust fund made under S.F. 458 (2003). The Iowa Reserve Fund refers to the principal in the unemployment compensation reserve fund set up to under S.F. 458 (2003). Principal in the fund can only be used to pay UI benefits if the UI trust fund is insufficient to pay benefits.. 03/15/2006

Table A-4  
**UI Fund Solvency Measures**

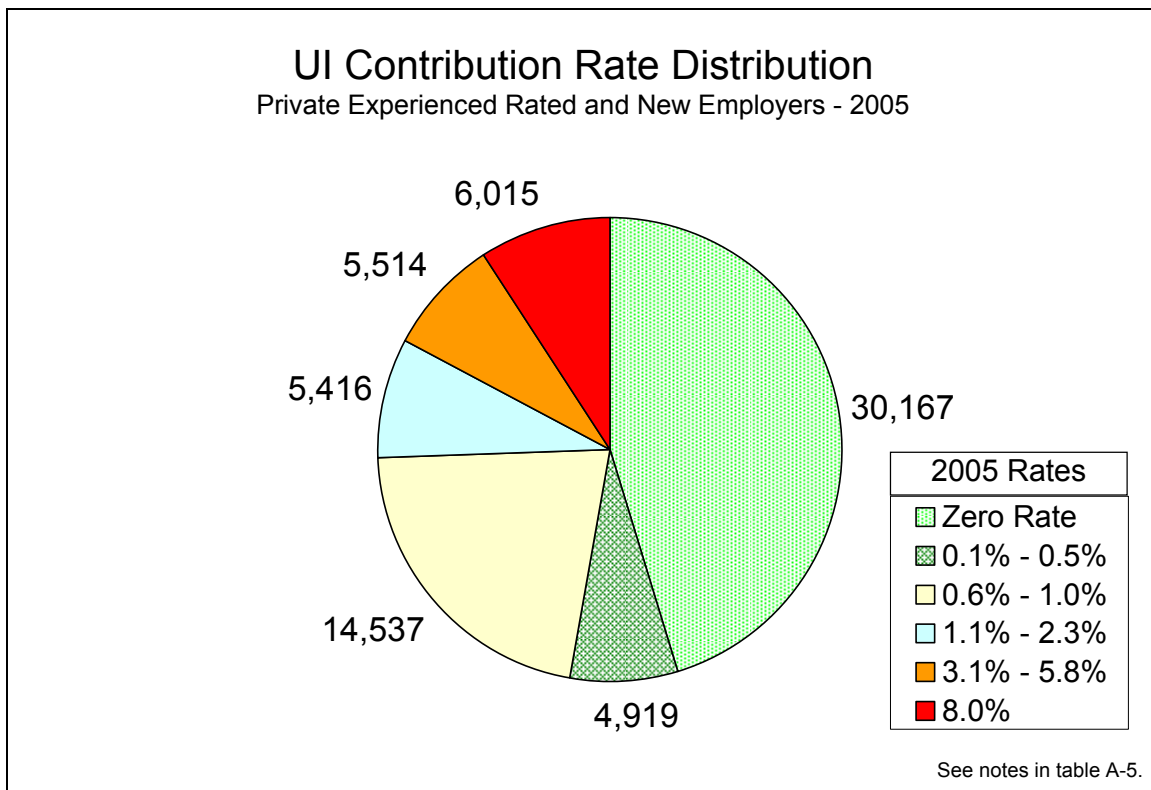
December 31

Year	Months of Benefits in Combined UI Fund						UI Benefits At Highest Level (\$ millions)	
	Current Benefit Level		Highest Twelve Month Level		Average 3 Year High Level		#	Δ%
	#	Δ%	#	Δ%	#	Δ%		
1978	10.4	-----	6.8	-----	8.4	-----	162.7	-----
1979	17.2	65.4%	10.0	47.1%	12.2	45.2%	181.9	11.8%
1980	6.7	-61.0%	6.7	-33.0%	8.4	-31.1%	196.5	8.0%
1981	6.7	0.0%	5.3	-20.9%	7.0	-16.7%	219.6	11.8%
1982	-2.4	-----	-2.5	-----	-3.4	-----	302.5	37.8%
1983	-6.0	-----	-4.7	-----	-6.0	-----	323.6	7.0%
1984	-2.9	-----	-1.3	-----	-1.6	-----	346.3	7.0%
1985	3.3	-----	1.7	-----	2.1	-----	352.5	1.8%
1986	10.4	215.2%	4.7	176.5%	6.0	185.7%	361.6	2.6%
1987	26.3	152.9%	8.5	80.9%	10.8	80.0%	389.5	7.7%
1988	44.0	67.3%	11.9	40.0%	15.1	39.8%	422.6	8.5%
1989	49.3	12.0%	13.5	13.4%	17.1	13.2%	451.3	6.8%
1990	47.7	-3.2%	14.0	3.7%	17.8	4.1%	481.0	6.6%
1991	38.0	-20.3%	14.0	0.0%	17.8	0.0%	498.8	3.7%
1992	38.4	1.1%	13.6	-2.9%	17.2	-3.4%	533.9	7.0%
1993	44.4	15.6%	13.8	1.5%	17.5	1.7%	559.5	4.8%
1994	55.7	25.5%	13.9	0.7%	17.6	0.6%	601.8	7.6%
1995	53.8	-3.4%	13.3	-4.3%	16.9	-4.0%	641.7	6.6%
1996	46.1	-14.3%	12.5	-6.0%	15.9	-5.9%	677.5	5.6%
1997	47.8	3.7%	11.8	-5.6%	15.0	-5.7%	727.7	7.4%
1998	57.1	19.5%	11.4	-3.4%	14.5	-3.3%	789.8	8.5%
1999	48.8	-14.5%	11.0	-3.5%	13.9	-4.1%	834.3	5.6%
2000	45.1	-7.6%	11.2	1.8%	14.2	2.2%	867.8	4.0%
2001	29.2	-35.3%	10.4	-7.1%	13.2	-7.0%	880.6	1.5%
2002	22.0	-24.7%	9.0	-13.5%	11.4	-13.6%	887.0	0.7%
2003	21.2	-3.6%	8.7	-3.3%	11.0	-3.5%	910.6	2.7%
2004	26.5	25.0%	8.5	-2.3%	10.7	-2.7%	969.0	6.4%
2005	30.6	15.5%	8.8	3.5%	11.2	4.7%	1,023.2	5.6%

See notes in table A-3.

03/15/2006

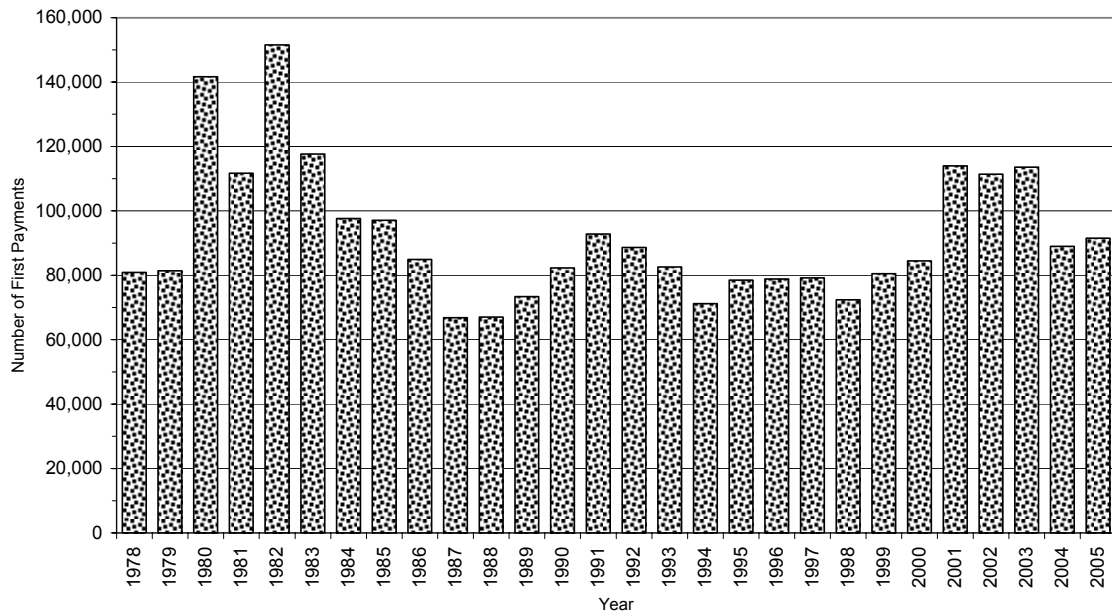
Table A-5 Employer Contribution Rate Distribution Based on Original Employer Rate Notices Private Experienced Rated and New Employers Rate Year 2005				
Tax Rate Table 6	Private Contributory Firms		Taxable Wages Merit Year Ending June 30, 2004	
	Number	Percent	Dollars	Percent
Zero Rate	30,167	45.3%	2,420,657,913.33	13.5%
0.1% - 0.5%	4,919	7.4%	4,033,372,684.77	22.5%
0.6% - 1.0%	14,537	21.8%	4,214,044,787.69	23.5%
1.1% - 2.3%	5,416	8.1%	3,961,107,115.91	22.1%
3.1% - 5.8%	5,514	8.3%	2,413,448,713.50	13.4%
8.0%	6,015	9.0%	919,447,933.48	5.1%
Total	66,568	100.0%	17,962,079,148.68	100.0%
Table includes private experience rated employers and unrated (new) employers. Tax rates include the state experience rate and the reserve fund rate.				



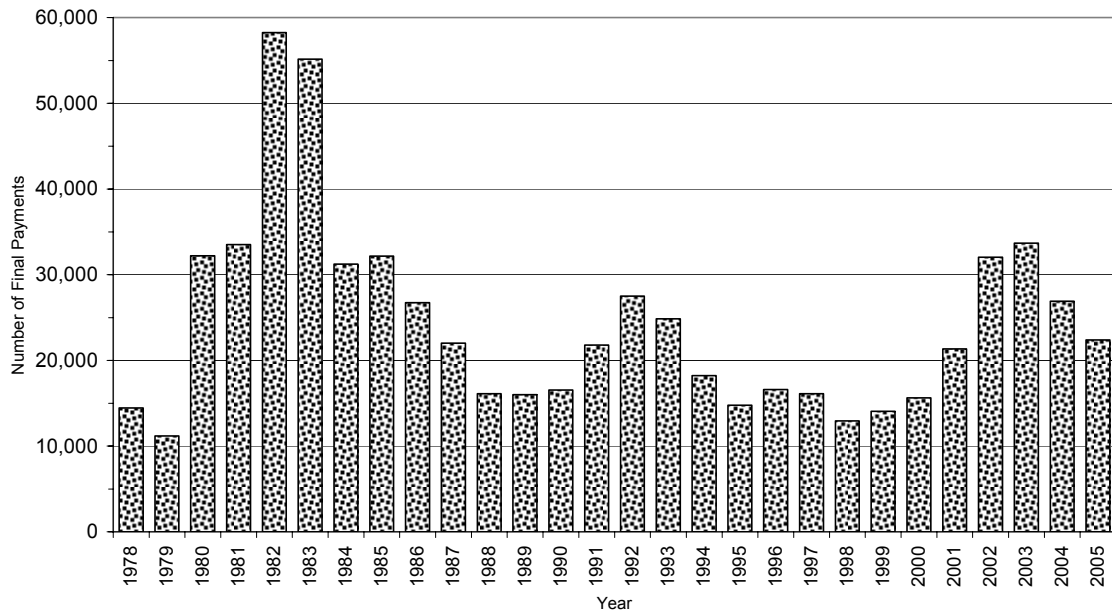
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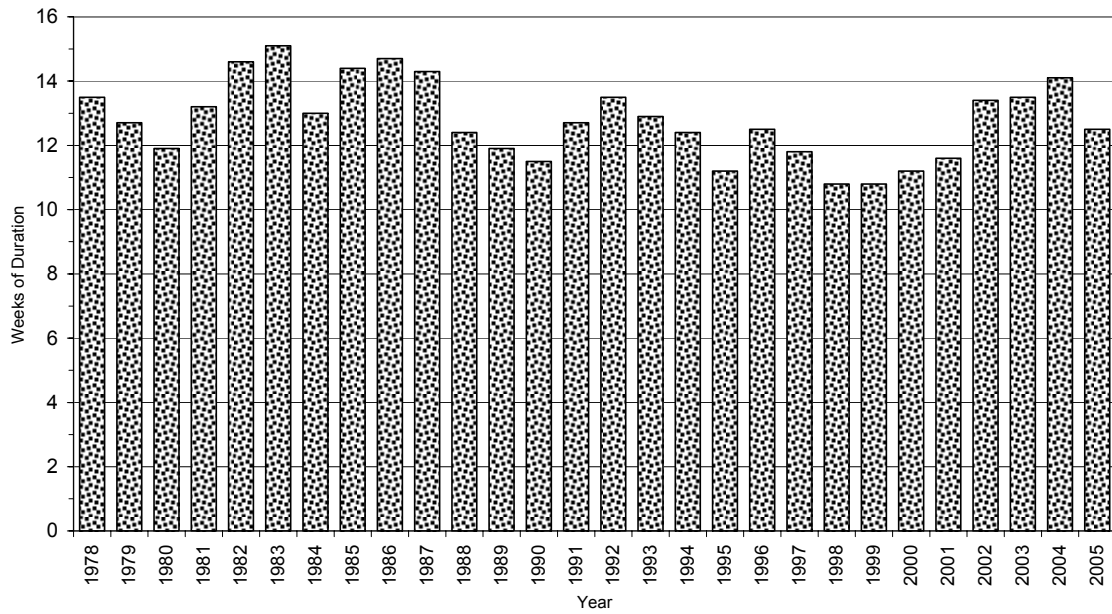
## First Payments Regular Unemployment Insurance



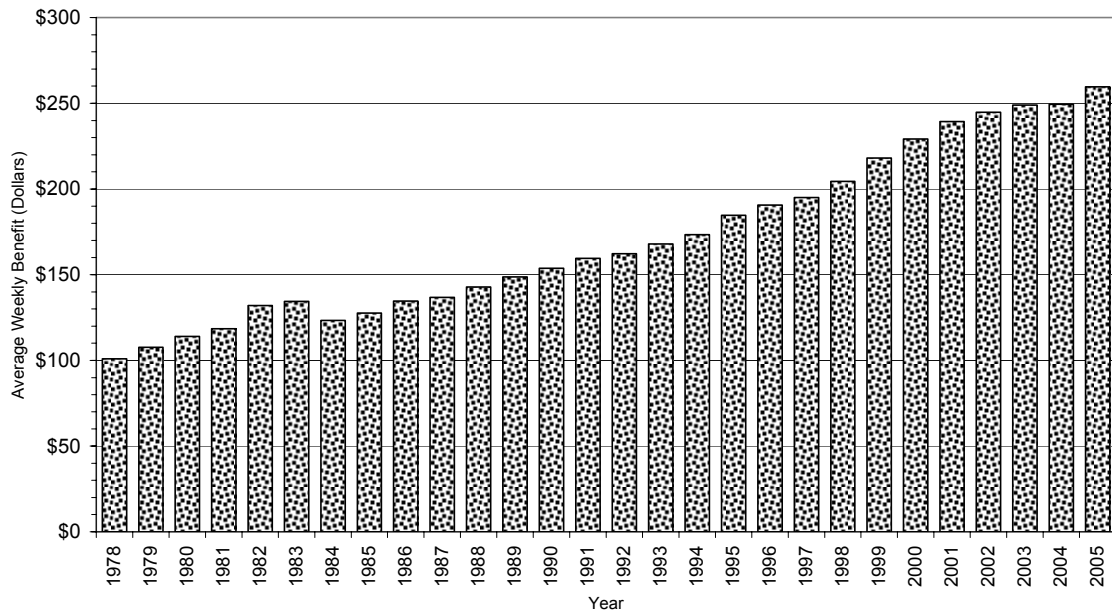
## Final Payments Regular Unemployment Insurance



## Average Weeks of Duration Regular Unemployment Insurance

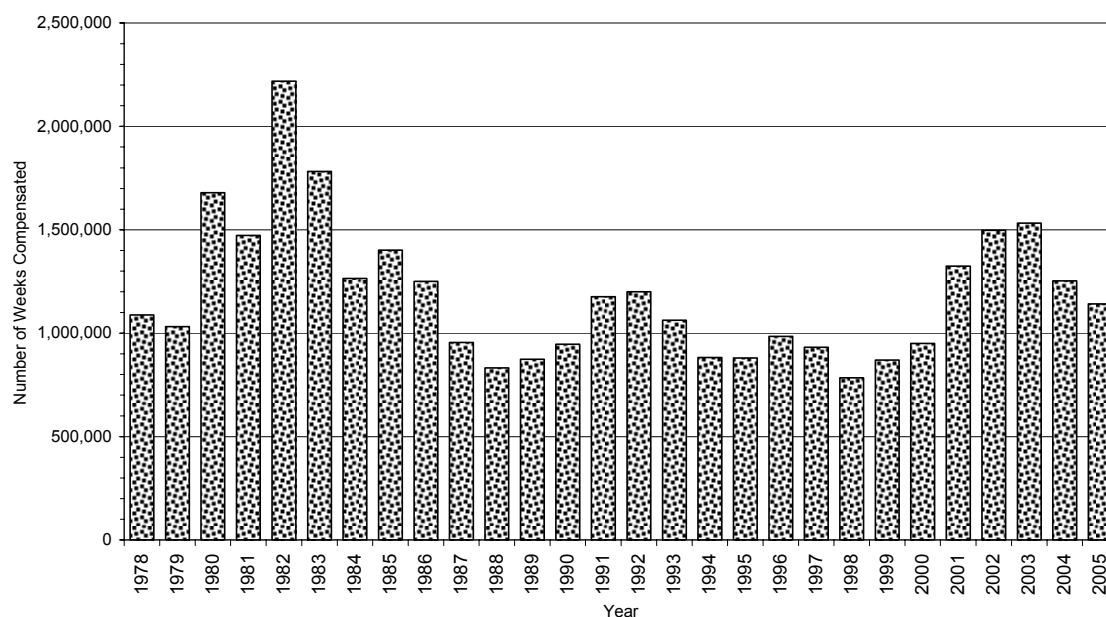


## Average Weekly Benefit Regular Unemployment Insurance



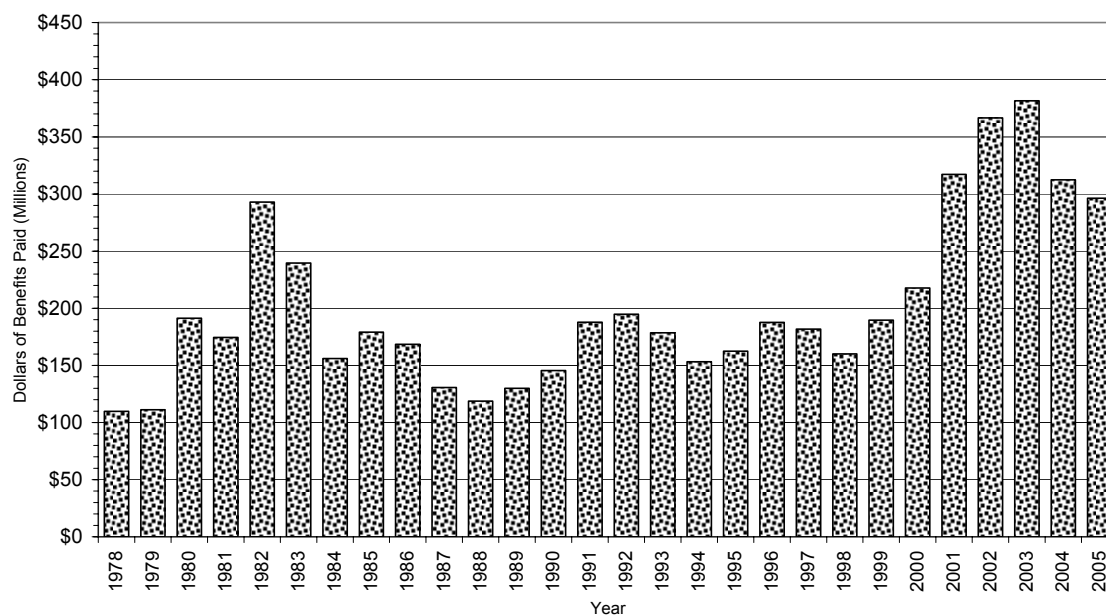
## Weeks Compensated

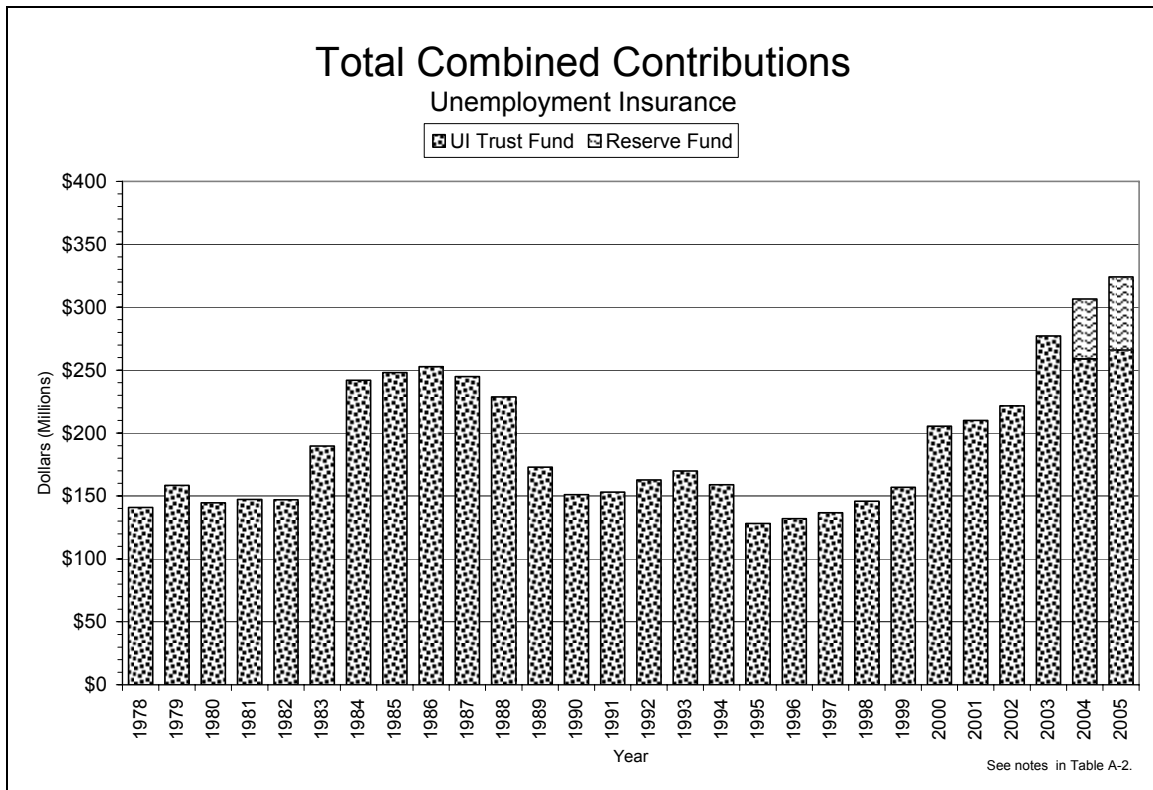
### Regular Unemployment Insurance



## Unemployment Insurance Benefits Paid

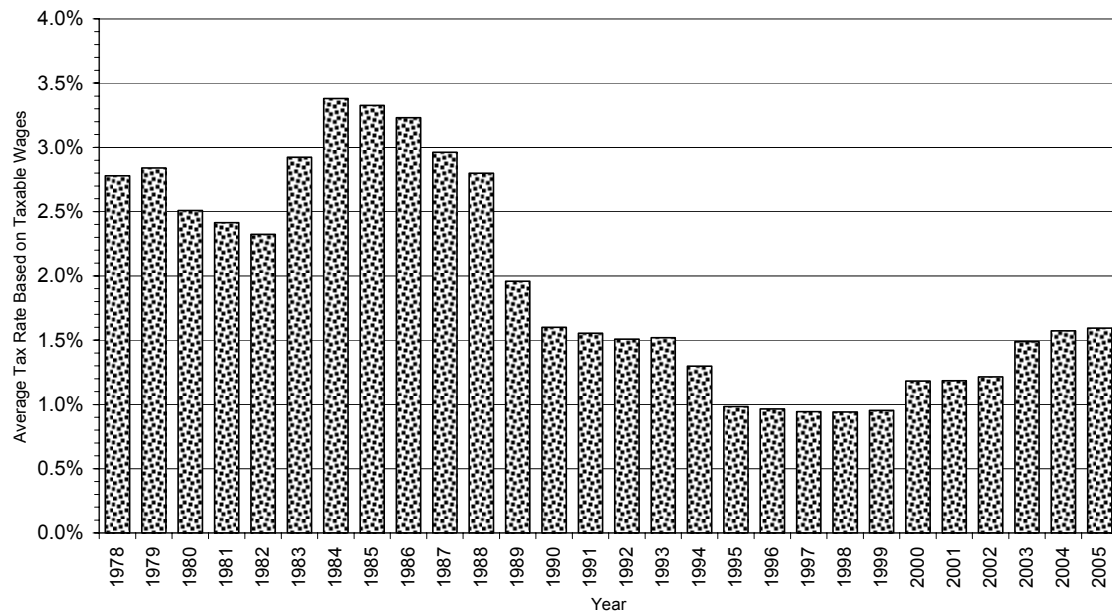
### Regular UI Benefits



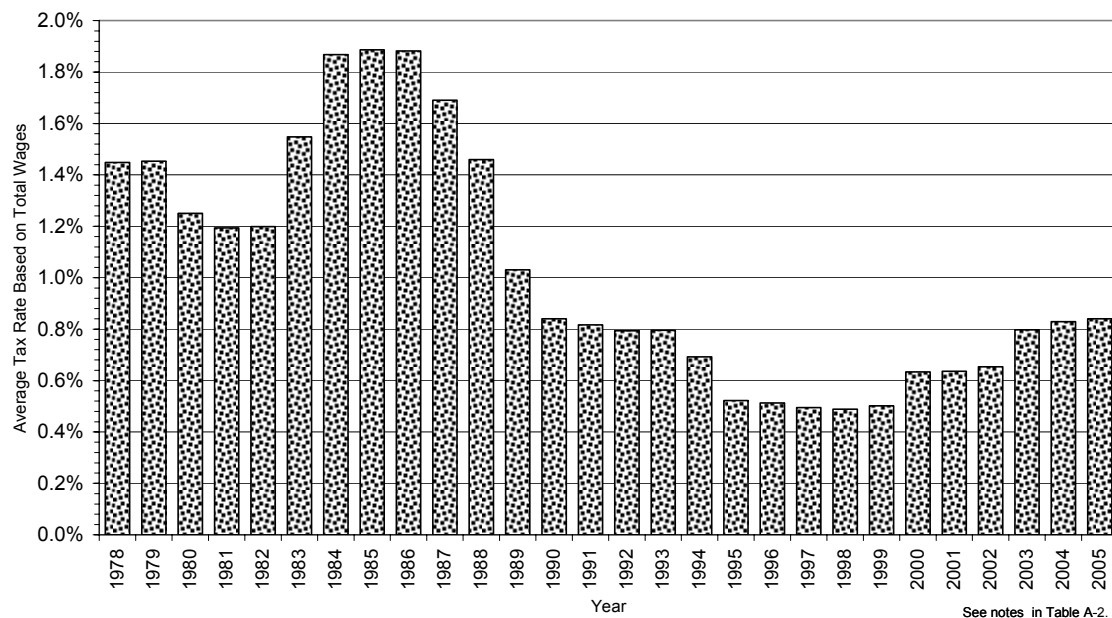




## Combined Average Tax Rate Based on UI Covered Taxable Wages



## Combined Average Tax Rate Based on UI Covered Total Wages



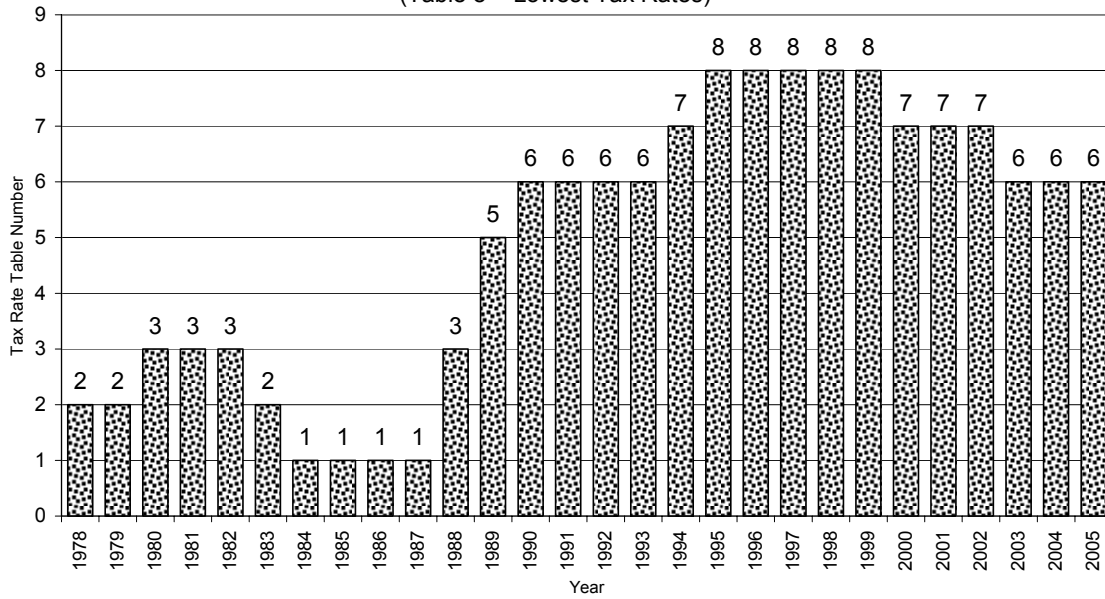
See notes in Table A-2.

## UI Tax Rate Table

Iowa Code Provides Eight Tax Tables

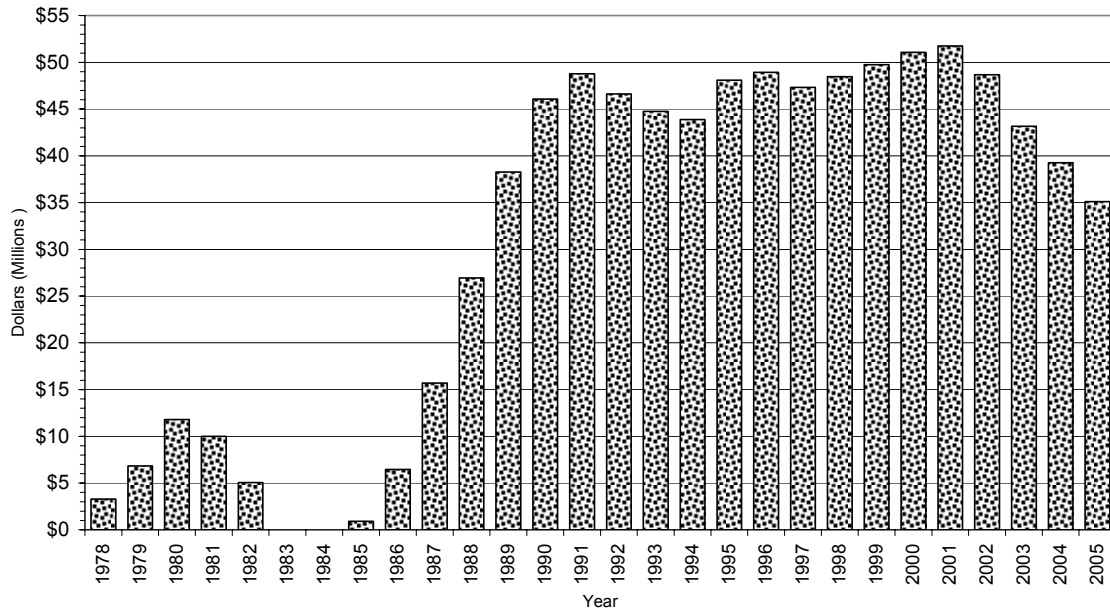
(Table 1 = Highest Tax Rates)

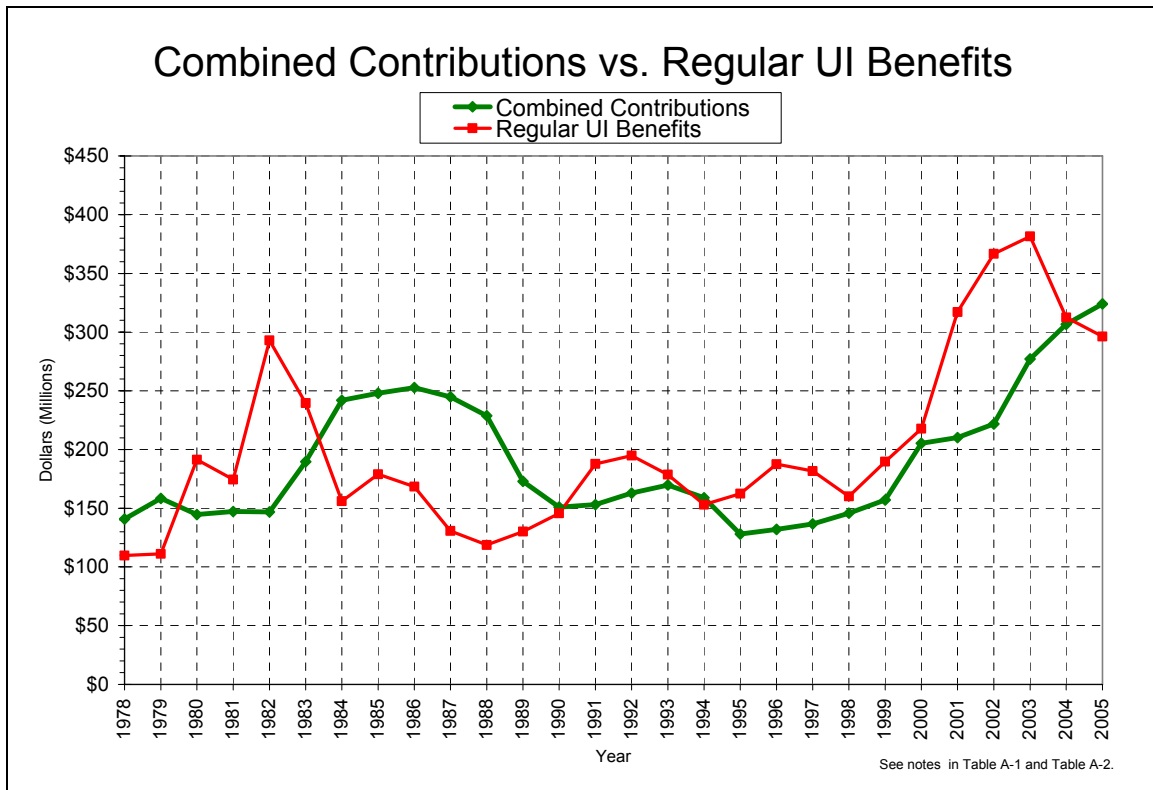
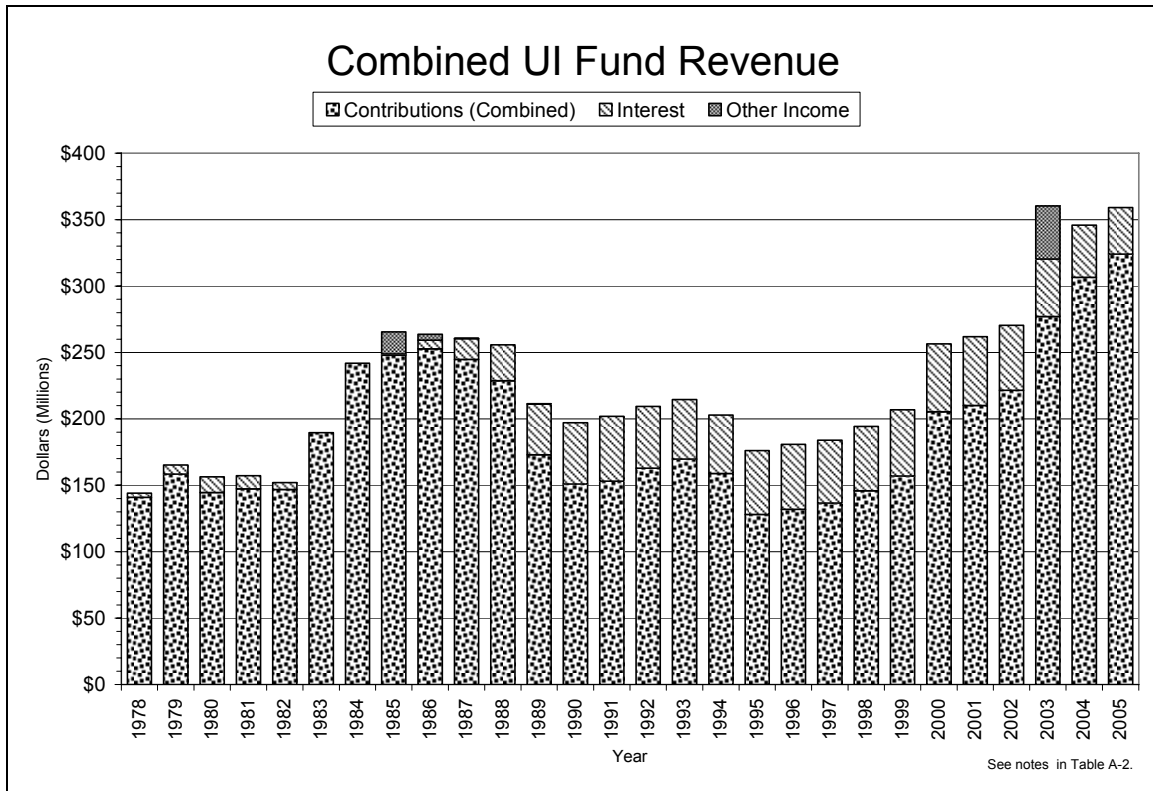
(Table 8 = Lowest Tax Rates)



## Interest Received

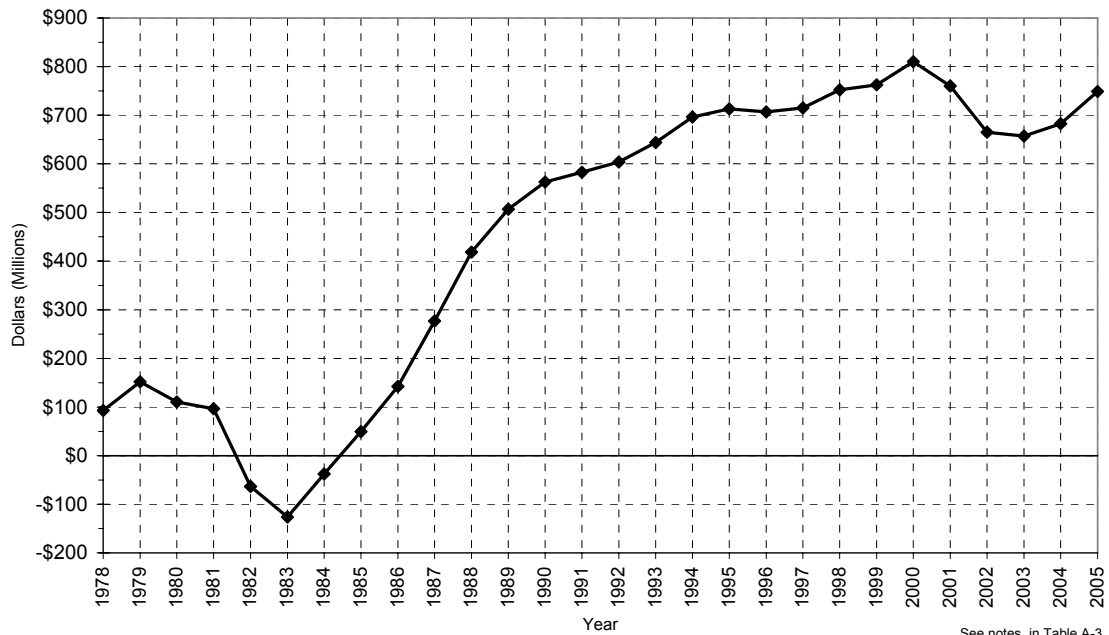
Unemployment Insurance Trust Fund





## Combined UI Fund Balance

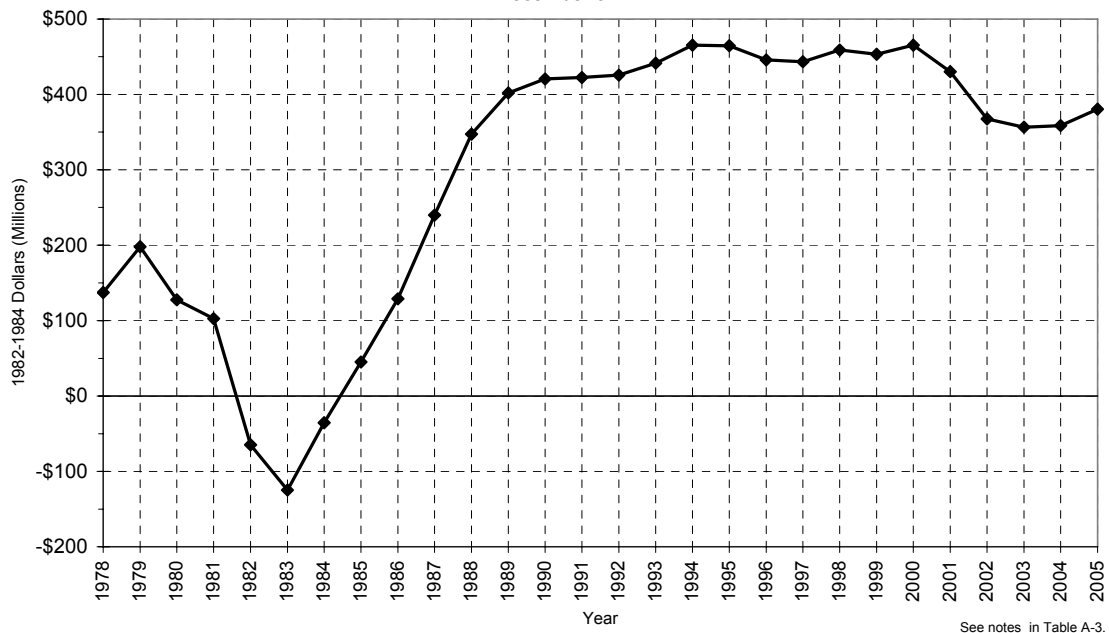
December 31



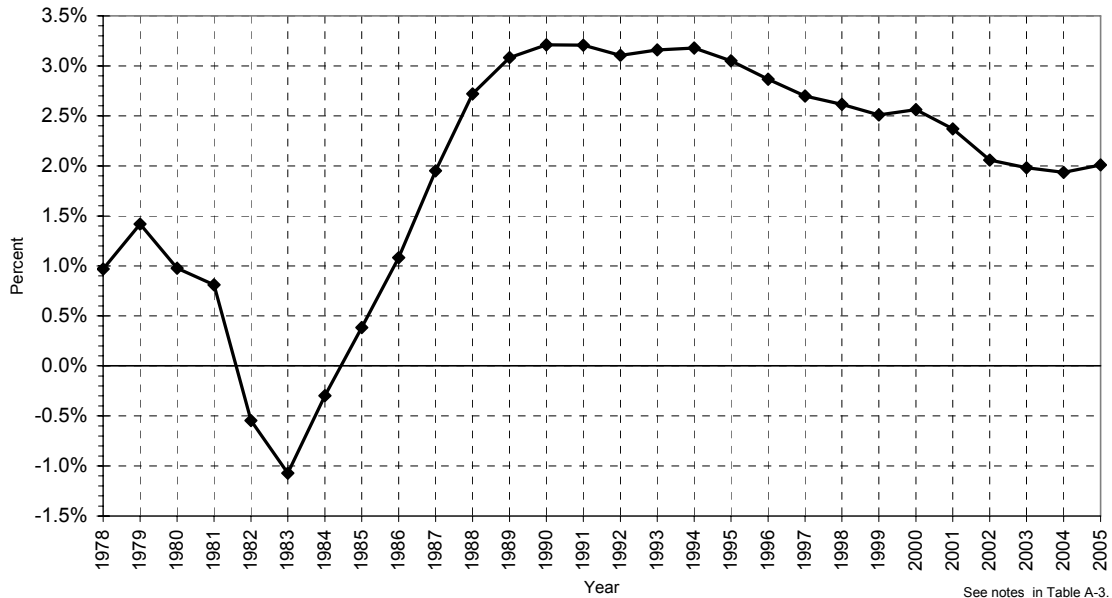
## Combined UI Fund Balance

Adjusted Using The CPI-U (1982-84=100)

December 31



**Combined UI Fund Balance**  
As a Percentage of Nonreimbursable Covered Wages  
December 31



**Months of High Cost Benefits in Combined Fund**  
Based on Highest Twelve Month Benefit Cost



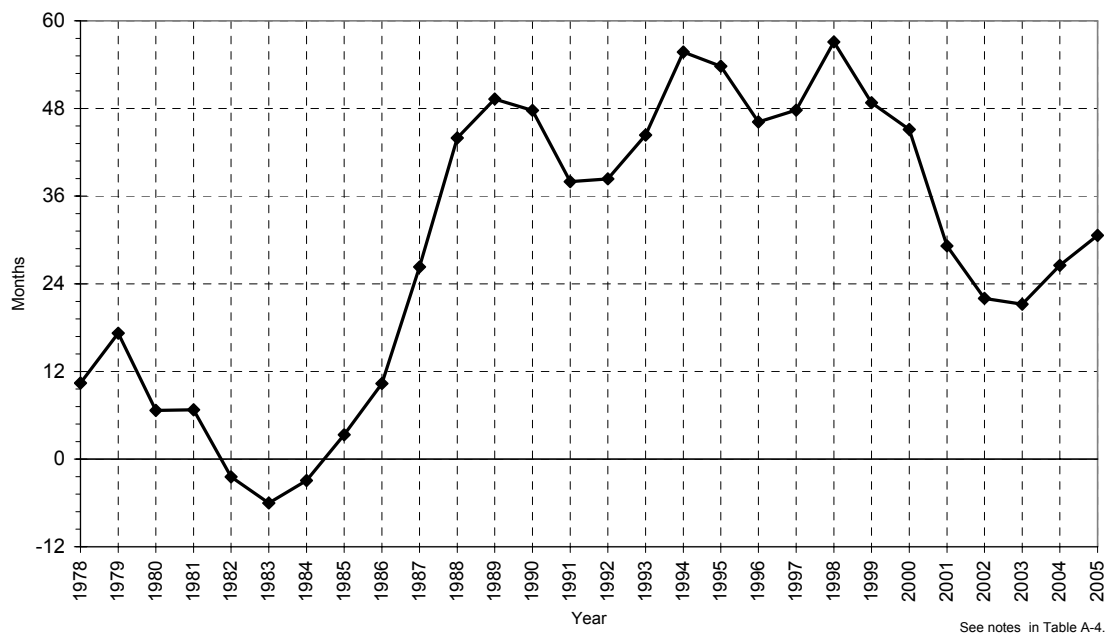
## Months of High Cost Benefits in Combined Fund

Based on Highest Three Year Average Benefit Cost



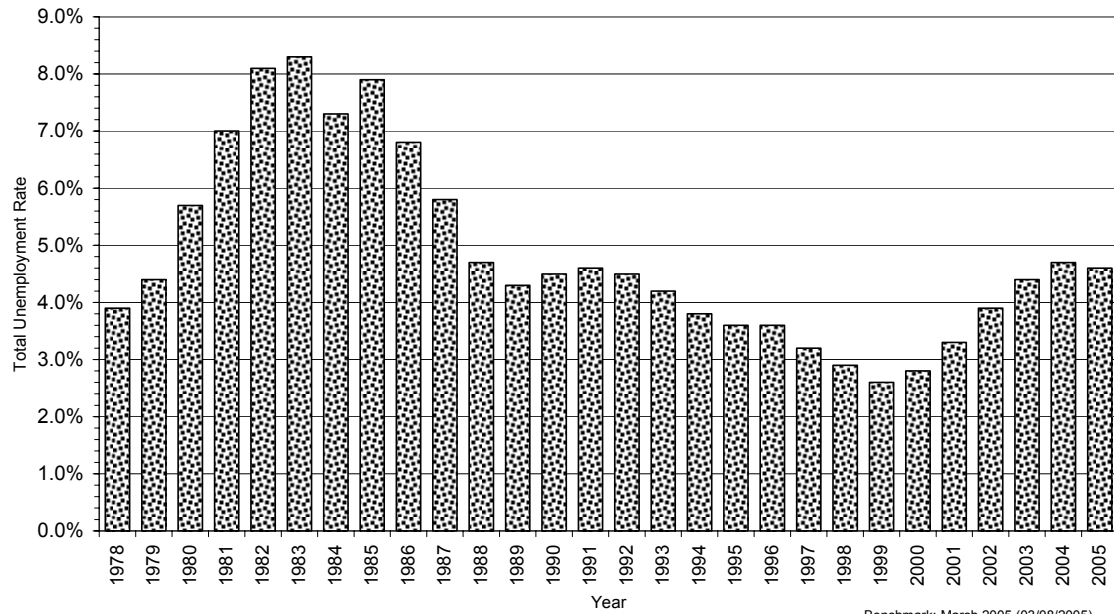
## Months of Benefits in Combined Fund

Based on Current Year Benefit Levels



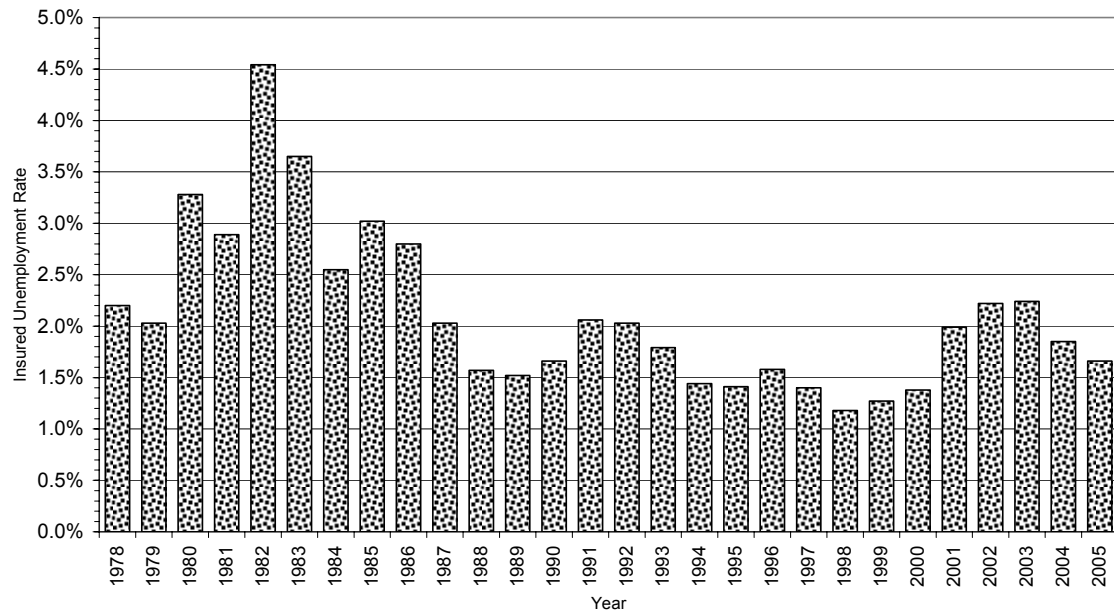
## Iowa Total Unemployment Rate

Bureau of Labor Statistics



## Iowa Insured Unemployment Rate

Average Weeks Claims Divided by Covered Employment



## Appendix C: Definition and Technical Notes

### UI Fund Balance Measures

This report measures the condition of the funds designated to pay unemployment compensation benefits. In the past, unemployment compensation benefits have been paid entirely from the Unemployment Trust Fund. In 2003 the Iowa legislature set up the Unemployment Compensation Reserve Fund in the state treasury to pay benefits if the UI Trust Fund balance is insufficient. Since both funds are available to compute benefits, this report uses the combined balance of the two funds to compute solvency measures.

**Unemployment Trust Fund:** A fund established in the Treasury of the United States which contains all monies deposited by state agencies to the credit of their unemployment fund accounts and Federal unemployment taxes collected by the Internal Revenue Service.

**UI Trust Fund Balance:** In this report this term refers to the balance in Iowa's individual account in the Unemployment Trust Fund. This also includes the \$40 million transferred from the Reed Act special distribution to the Unemployment Trust Fund under S. F. 458 in 2003.

**Iowa Reserve Fund:** This refers to the principal in the Unemployment Compensation Reserve Fund created in the state treasury under S. F. 458 in 2003. Monies in the reserve fund shall be used to pay benefits to the extent moneys in the unemployment compensation fund are insufficient to pay benefits during a calendar quarter.

**Combined Trust Fund:** This report uses this term to refer to the combined balances of the UI Trust Fund and the Iowa Reserve Fund.

### Other Definitions

Most other terms in this report are defined in the *UI Reports Handbook* and the *UI Data Summary* published by the U. S. Department of Labor. These definitions include:

**Regular UI Benefits Paid:** Unemployment benefits paid under the regular unemployment program. This figure does not include federal benefits and special programs such as Extended Benefits (EB) and Temporary Emergence Unemployment Compensation (TEUC). (Source: ETA-5159)

**Average Duration:** The number of weeks compensated for the year divided by the number of first payments. (Source: ETA-5159)

**First Payments:** The first payment in a benefit year for a week of unemployment claimed under a specific program. (Source: ETA-5159).

**Trust Fund Expenditures:** Trust fund expenditures include regular UI benefits adjusted for net payment to other states and the state's share of extended benefits.

**Trust Fund Interest:** The amount of interest earned on the Unemployment Trust Fund account. Interest paid by the U. S Treasury is credited on the notification date for this report. The interest rate paid to states is available at: <http://www.publicdebt.treas.gov/dfi/dfiuttyield.htm>.







**For more information about this publication, contact**

**Iowa Workforce Development  
Labor Market & Economic Research Bureau  
1000 East Grand Avenue  
Des Moines, Iowa 50319  
(515) 281-8180**

**[www.iowaworkforce.org](http://www.iowaworkforce.org)  
[uistats@iwd.iowa.gov](mailto:uistats@iwd.iowa.gov)**